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Operational activities for development: South-South cooperation for development

The state of South-South cooperation

Report of the Secretary-General

Summary

The present report is being submitted in response to resolution 62/209, on the state of South-South cooperation, in which the General Assembly requested the Secretary-General to prepare a comprehensive report on the implementation of resolution 62/209 for submission at its sixty-fourth session.

The report reviews the progress, main trends and challenges in South-South cooperation for development during the period from 2007 to mid-2009, especially in the areas of regional integration, trade, investment, and monetary and financial cooperation, and provides a basis for forward-looking priorities and recommendations.

* A/64/150.



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I. Introduction

1. The present report provides an overview and analysis of the major trends and significant developments relating to South-South cooperation in the period from 2007 to mid-2009. The period was marked by a significant decline in world economic growth and the collapse of major financial institutions. That exacerbated the rise of transnational threats to development, including in the areas of climate change, energy, and food security, and the spread of global pandemics such as HIV/AIDS and, more recently, influenza A(H1N1).

2. Developing and developed countries alike continue to prioritize the strengthening of regional, interregional and global institutional mechanisms aimed at mitigating the impact of the financial crisis through mutual partnerships and regional and global cooperation mechanisms. The surge in regional and interregional South-South cooperation noted in the previous report of the Secretary-General (A/62/295) continued in the period under review.

3. Among the key issues that have emerged as significant areas of South-South and triangular cooperation are those that are global and transnational in scope, such as climate change, energy and the environment. Developing countries have also consolidated interregional, regional and subregional cooperation to address larger, global trends such as the increasing vulnerability of countries to financially volatile markets, rapid rates of urbanization, epidemics and declining food security.

4. In his previous report, the Secretary-General called on the international community, including the United Nations development system, to: (a) orient South-South efforts towards achieving the internationally agreed development goals, including the Millennium Development Goals; (b) intensify multilateral support for South-South cooperation initiatives to address common development challenges; (c) foster inclusive partnerships for South-South cooperation, including triangular and public-private partnerships; (d) improve the coherence of United Nations system support for such cooperation through closer inter-agency collaboration; and (e) encourage innovative financing mechanisms for South-South cooperation. During the reporting period, the international community, including the United Nations development system, made important progress in helping to advance South-South and triangular cooperation for development. The present report highlights the progress made by the relevant development partners, identifies existing challenges and provides a basis for forward-looking priorities and recommendations.

II. State of South-South and triangular cooperation

A. Economic perspective

5. The overall trend prior to the current economic crisis had been a remarkable rise in South-South trade, finance and investment flows. South-South merchandised trade had grown with significant speed during the period since 1995, on average by 13 per cent per year, reaching \$2.4 trillion, or 20 per cent of world trade, in 2007, while the annual rate of growth in world trade was 9 per cent.¹ During the period, the share of South-South exports in total exports increased by 7 per cent in Africa,

¹ See TD/B/C.II/MEM.2/2.

4 per cent in Asia and 3 per cent in Latin America and the Caribbean.² Nevertheless, the United Nations Conference on Trade and Development (UNCTAD) estimates that exports from the developing world could decline by 9.2 per cent in 2009.

6. While South-South trade and investment flows have increased over the past decade, many other socio-economic trends underscore the need for stronger South-South cooperation arrangements. Owing to the current economic crisis, the vast majority of countries are experiencing a sharp reversal of the robust growth that occurred during the period 2002-2007. Among 160 countries included in an UNCTAD analysis, the number that had an annual growth in gross domestic product (GDP) per capita of 3 per cent or higher dropped from 106 in 2007 to 83 in 2008 and is expected to decline to 52 in 2009. Among developing countries, the number is estimated to have dropped from 70 in 2007 to 57 in 2008 and is expected to decline further to 29 in 2009.³ In Africa alone, economic growth is expected to decrease to 4.1 per cent in 2009 from 5.1 per cent in 2008.⁴

7. Foreign direct investment is a significant source of investment for many least developed countries. More than 40 per cent of foreign direct investment from developing countries goes to least developed countries. Regionally, in Africa, more than 50 per cent of all foreign direct investment inflows into Botswana, the Democratic Republic of the Congo, Lesotho, Malawi and Swaziland have come from South Africa. In Asia, more than 50 per cent of all such flows to Cambodia, the Lao People's Democratic Republic and Myanmar between 2002 and 2007 were from other developing countries in Asia. Investors from Argentina, Brazil, Chile and Mexico have become significant regional players in Latin America owing to regional integration and the rise of transnational corporations in the region.⁵

8. Developing countries have also become increasingly important sources of development assistance to other developing countries. The largest providers of such support from the South, each providing at least \$1 billion per year, are China, India, Saudi Arabia and the Bolivarian Republic of Venezuela. Total flows may grow to more than \$15 billion by 2010 if pledges are kept. Other emerging economies such as those of Brazil, Nigeria and South Africa continue to contribute to development assistance for least developed countries through multilateral institutions and mechanisms. Brazil, for example, has assisted Mozambique in establishing biodiversity programmes and has promoted biofuel technology in other developing countries. It has also played a significant role in developing HIV/AIDS relief programmes in Latin America.

9. Donors that are not members of the Organization for Economic Cooperation and Development Development Assistance Committee, including those from the South, private foundations and philanthropic channels, are growing in influence. Private giving and philanthropy now constitute approximately 25 per cent of global development assistance flows.⁶ Such figures indicate that successful public-private partnerships and innovative mechanisms can go beyond intergovernmental

² Ibid.

³ *World Economic Situation and Prospects 2009*, United Nations publication, Sales No. E.09.II.C.2, p. 5.

⁴ Ibid., p. ix.

⁵ TD/B/C.II/MEM.2/2, para. 11.

⁶ *World Economic Situation and Prospects 2009*, p. 76.

exchanges to benefit developing countries and boost economic growth through demand-driven exchanges.⁷

10. However, economists predict that if the global recession continues, South-South foreign direct investment could fall markedly, affecting the capacity of transnational corporations from developing countries to invest in other developing countries. At the Multi-year Expert Meeting on International Cooperation: South-South Cooperation and Regional Integration, hosted by UNCTAD in Geneva in February 2009, participants explored ways to help insulate the South from the full effects of the financial crisis. At the conference, there was a consensus among leaders that developing countries may soften the impact on their economies by increasing cooperation with other nations of the South.⁸

11. The present economic situation has also been marked by extreme volatility in commodity and oil prices. In 2009, oil prices rapidly decreased by 60 per cent from their peak levels, achieved during the period from July to November 2008. Growth of world trade declined significantly, from 6.4 per cent in 2007 to 4.3 per cent in early 2008, and the downward trend is expected to continue through 2009, affecting agricultural production and the price of energy globally.

12. Since 2007, extreme poverty in sub-Saharan Africa has increased by almost 8 per cent, exacerbating a growing food crisis. According to the Food and Agriculture Organization of the United Nations (FAO), 36 countries are now in "critical" food situations. An alarming number of people, estimated at 109 million to 126 million, in South Asia and sub-Saharan Africa may have fallen below the \$1.25-a-day poverty line since 2006 as a result of rising food prices. It is estimated that at least 125 million people in developing countries have been forced into extreme poverty because of the surge in global food prices since 2006.⁹

13. Among least developed countries, average growth rates declined from 7.8 per cent in 2007 to 6.4 per cent in 2008, breaking a four-year trend of growth over 7 per cent.¹⁰ Many least developed countries are net food importers and have therefore been strongly affected by the rise in commodity food prices, deteriorating terms of trade and widening current-account deficits. The surge in food prices has led to double-digit levels of inflation and has sparked food riots in at least eight countries within the least-developed-country category: Burkina Faso, Guinea, Haiti, Mauritania, Mozambique, Senegal, Somalia and Yemen.¹¹

B. Global commitments renewed

14. Paradoxically, the rapid deterioration of the global economy over the past several years has created a number of new opportunities for South-South cooperation, as many countries now look to one another and to their innovative cooperation mechanisms to facilitate market recovery and ensure greater stability in future at the global and local levels.

⁷ See <http://www.ipsnews.net/columns.asp?idnews=42719>.

⁸ See <http://ictsd.net/i/news/bridgesweekly/40497>.

⁹ *World Economic Situation and Prospects 2009*, p. ix.

¹⁰ *Ibid.*, p.7.

¹¹ *Ibid.*

15. While continuing to place the development agenda at the fore in international negotiations, the Group of 77 has been the leading voice of the South on the measures needed to minimize the adverse impact of global crises on developing countries. It has also led the way in articulating South-South policy responses to old and emerging development challenges. The development and adoption in 2008 by the Ministers of the G-77 of the Development Platform for the South, which contains a set of principles for South-South cooperation, and the launch of the South Fund for Development and Humanitarian Assistance reflect the Group's firm commitment to advancing South-South cooperation for development.

16. Building on the Heiligendamm Group of Eight Summit of 2007, both the Group of Eight and the Outreach 5 (comprising the emerging economies of Brazil, China, India, Mexico and South Africa) have since stepped up cooperation in areas including climate change, energy, research and innovation, and cross-border investment. In 2009, the Group of Eight convened in L'Aquila, Italy, and agreed to commit \$20 billion to fund agricultural development over a three-year period to address severe food shortages in developing countries. Leaders affirmed the importance of South-South cooperation by issuing a statement indicating that the sharing of information and best practices, including through North-South, South-South and triangular cooperation, was essential to promoting knowledge-based policy and national capacity. Indeed, a key provision of the agreement is country ownership to promote food security regionally and locally.¹²

17. In 2006, OECD launched a Global Forum on Development with the aim of improving the dialogue on development issues between OECD and non-member Governments, as well as a variety of private-sector and civil society actors. The first annual plenary of the Forum was held in Paris on 3 April 2007 with the participation of a substantial number of southern countries and the members of OECD that are not Development Assistance Committee members, and the topic of emerging economies and development assistance was addressed.

18. According to the *OECD Development Cooperation Report 2009*, the seven OECD countries that are not members of the Development Assistance Committee provided a total of \$5.56 billion in official development assistance in 2007 alone, as follows: Czech Republic, \$179 million; Hungary, \$103 million; Iceland, \$48 million; Poland, \$363 million; the Republic of Korea, \$699 million; Slovakia, \$67 million; and Turkey, \$602 million.¹³ Contributions from those countries have added a new dynamism to an enlarged international development agenda encompassing South-South, East-East, East-South and triangular cooperation, within the framework of achieving Millennium Development Goal 8. It is believed that Mexico, another member of OECD that is not a Committee member, which was not included in the OECD table on official development assistance from non-Committee donors, also provides sizeable assistance to developing countries.

19. The Inter-Parliamentary Union is helping to bring the topic of South-South cooperation to the fore on the political agenda in national parliaments. Its Standing Committee on Sustainable Development, Finance and Trade will hold a major debate on the theme "The role of parliaments in developing South-South and triangular cooperation with a view to accelerating achievement of the Millennium

¹² Chege, Kimani, "G-8 Pledges \$US 20 billion for agriculture", SciDevNet, 11 July 2009, available at www.scidev.net.

¹³ OECD, *Development Cooperation Report 2009*, p. 235.

Development Goals" at its one hundred and twenty-second Assembly, to be convened in Bangkok from 27 March to 1 April 2010. Preparations for the debate have already begun and include a background report drafted by two members of parliament, one from Belgium and one from Zambia. Pursuant to General Assembly resolution 63/24, the Inter-Parliamentary Union is also actively engaged in the 2010 Development Cooperation Forum and its preparatory process, including all high-level symposiums dealing with South-South cooperation.

C. Regional and subregional cooperation accelerated

20. More than ever before, it is clear that South-South cooperation presents a benefit to countries regardless of their level of development and is also a necessity for countries that wish to address successfully a host of transnational challenges. The current period has, in most cases, encouraged the consolidation of international, regional and national commitments to development cooperation through South-South partnerships despite changes in the economic prospects of developed and developing countries.

Africa

21. In Africa, regional organizations such as the African Union have played a key role in facilitating South-South exchanges through regional and interregional partnerships while consolidating economic integration. The African Union aims to form a single confederation united through free trade among members, with a customs union, a single market, a central bank and a common currency by 2023 under a single economic and monetary union. In June 2008, a memorandum of understanding was signed by the Commissioner for Economic Affairs of the African Union Commission and the Minister of External Relations of Cameroon to establish Cameroon as the host country for the African Monetary Fund. The African Union has also taken steps to strengthen ties with other southern partners in signing a memorandum of understanding with the Arab Bank for Economic Development in Africa in June 2008, strengthening the ties between the two institutions and encouraging the provision of technical and financial assistance on the part of the Bank.¹⁴

22. African leaders have also continued to promote regional development cooperation through comprehensive regional institutions such as the New Partnership for Africa's Development (NEPAD) of the African Union and the Millennium Development Goals Africa Steering Group, established in 2008 to monitor progress in achieving the Millennium Development Goals on the continent. The Comprehensive Africa Agriculture Development Programme of NEPAD has as its goals a 6 per cent average annual growth rate at the national level in the agricultural sector and the allocation of 10 per cent of national budgets to agriculture. In 2008, it issued a report in which it estimated that the external financing needed to reach the Millennium Development Goals in Africa would amount to \$72 billion a year, reflecting the combined commitments of the European Union and the Group of Eight in aid to sub-Saharan Africa.

¹⁴ *African Union Commission News*, issue 31, June 2008.

23. Subregional organizations in Africa have also played an important role in the implementation of measures agreed at the regional and international levels. On 22 October 2008, the Southern African Development Community, with more than half of the aggregate GDP of the whole of sub-Saharan Africa, joined with the Common Market for Eastern and Southern Africa and the East African Community to form the historic African free trade zone, which comprises 26 countries with an estimated GDP of \$624 billion. In addition to eliminating duplicative membership, the African Free Trade Zone further aims to strengthen the bloc's bargaining power during the negotiation of international deals.

24. Other subregional organizations such as the East African Community aim to widen and deepen regional cooperation in the political, economic and social fields. In 2005, member States of the Community established a customs union, and they are working towards the establishment of a common market by 2010, a monetary union by 2012 and, eventually, a political federation of the East African States. Enlarged in 2007 to include Burundi and Rwanda, the East African Community has a combined GDP of \$41 billion and has gained increasing prominence in the political spheres of Africa.

25. The East African Community has proposed a number of significant institutions and mechanisms to promote regional development. These include an East African science and technology council to promote the exchange of research and development in addressing common development challenges such as food security, pollution and disease,¹⁵ and a regional East African Community health policy initiative that would promote health research for policymaking.

Arab States

26. Arab States have also engaged extensively in South-South cooperation in areas that are unique to the region and its own development challenges. Countries such as Qatar continue to play a significant role in promoting South-South cooperation in areas unique to petroleum-exporting countries, such as the oil and gas sector. A high-level meeting on oil and gas management was held in Doha from 8 to 10 September 2007, bringing together high-level representatives from 42 countries in Africa, the Arab States, Asia and Latin America as well as international organizations, including United Nations agencies, to share and exchange experiences and lessons in effective hydrocarbon management.

27. Gulf countries are also placing a high priority on the sharing of technology, as evidenced by the establishment in 2009 of the Technology Exchange Forum by the Standing Committee on Scientific and Technological Cooperation of the 57-member Organization of the Islamic Conference. The Forum will facilitate the transfer of local and domestic technologies in engineering, pharmaceuticals, medicine, agriculture, biotechnology, agro-food and energy to other countries of the Organization of the Islamic Conference.¹⁶

28. The second Arab-South American Summit, held in March 2009, resulted in the signing of a new Doha Declaration, which urges South-South cooperation to

¹⁵ Nordling, Linda, "Africa analysis: a common vision for East Africa", SciDevNet, 2 April 2009, available at www.scidev.net.

¹⁶ Sawahel, Wagdy, "Islamic countries establish tech-sharing forum", SciDev.Net, 23 April 2009, available at www.scidev.net.

promote capacity-building and the exchange of expertise in development, innovation and the fight against poverty. During the meeting, leaders agreed to forge closer ties between the two regions in the areas of trade, politics and culture. The Declaration covers an extensive number of economic issues and builds on agreements reached at the first Summit, held in Brazil in 2005. Indeed, economic cooperation between the two sides has grown tremendously over the past several years. The volume of trade between Brazil and the Arab countries was approximately \$21 billion at the end of 2008, compared with \$8.8 billion in 2005.

Asia and the Pacific

29. In Asia and the Pacific, regional integration efforts have been spurred by concerns over the vulnerability of the countries of the region to financial shocks similar to those that occurred in the late 1990s. As a result, Asia has undergone rapid regional integration in recent years and has expanded its scope and mandate. Economic integration has been strengthened and consolidated in Asia, as evidenced by the launching of the Charter of the Association of Southeast Asian Nations (ASEAN), which was signed in November 2007 and entered into force in December 2008. The Charter establishes ASEAN as a legal entity, composed of a single free-trade area for the 500 million people living in the region. The 10-member ASEAN expanded its partnerships in February 2009 by signing a free trade agreement with Australia and New Zealand, expected to result in an increase of its aggregate GDP across the 12 countries of more than \$48 billion over the period 2000-2020.

30. ASEAN celebrated its fortieth anniversary in 2007. During that year, the Cebu Declaration on East Asian Energy Security was signed on 15 January by the member countries of ASEAN and members of the East Asia Summit, including Australia, China, India, Japan, New Zealand and the Republic of Korea, to promote energy security through the active search for alternative energy supplies.

31. The theme of the fourteenth ASEAN summit, held in 2009, was "ASEAN Charter for ASEAN peoples" and had three sub-themes: "Towards more effective community-building", "Enhancing regional resilience against global threats" and "Reinforcing ASEAN centrality in the evolving regional architecture". Ministers at the summit worked to consolidate ASEAN through the establishment of more specific guidelines along the lines of the Charter. In March 2009, member States signed the Cha-Am Hua Hin Declaration on the road map for an ASEAN community (2009-2015), with a view to further institutionalizing ASEAN. Leaders also issued a Joint Declaration on the Attainment of the Millennium Development Goals in ASEAN as well as the ASEAN Integrated Food Security Framework and the Strategic Plan of Action on Food Security in ASEAN.

32. At the fifteenth summit of the South Asian Association for Regional Cooperation (SAARC), held in August 2008, members discussed a range of themes relating to developing cooperation in the region, including a partnership for growth for the peoples of South Asia, energy, the environment, water resources, poverty alleviation and the development of information and communications technology. A key area of discussion was the growing food security crisis in the region. Member States convened a meeting of the Ministers of Agriculture of SAARC in India in November 2008 and agreed to implement a regional strategy to promote greater cooperation with the international community to ensure food availability and nutrition security in the region.

33. Another notable regional meeting was convened under the second summit of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) on 13 November 2008 in New Delhi. The summit focused on strengthening cooperation in various sectors, with leaders noting the progress that had been made in the negotiations for a free trade agreement on trade in goods. Summit leaders also welcomed the establishment of the Centres for Energy and for Weather and Climate in India and the BIMSTEC Cultural Industries Observatory in Bhutan. Also finalized at the summit was the BIMSTEC Convention on Combating International Terrorism, Transnational Organized Crime and Illicit Drug Trafficking.

Latin America and the Caribbean

34. In Latin America and the Caribbean, while economic growth and regional integration have generally expanded, the region as a whole has witnessed a negative growth rate of 0.3 per cent in 2009, the region's first contraction after six years of continuous, positive growth, according to the Economic Commission for Latin America and the Caribbean. Unemployment in the region rose to almost 9 per cent from nearly 7.5 per cent in 2008, linked to increased poverty rates across the region. The negative effects of the financial crisis are reflected in declining international trade and falling commodity prices, such that the region's terms of trade will decrease by 15 per cent. There will also be a sharp drop in exports affecting in particular countries with open economies such as Central American nations and Mexico.

35. The Caribbean Community (CARICOM) has played an important role in the promotion of regional cooperation and economic integration. CARICOM member States agreed to establish a common passport in order to make intraregional and international travel easier for their citizens. The passports are also thought to save additional costs in coordinating security, safety and economic trade among member States. In 2005, Suriname became the first full member State to officially launch the new bloc CARICOM passport, with improved security features. Countries in the Caribbean region acknowledge that the region's growing economic challenges require greater cooperation and integration; however, the current global recession has brought many difficulties. Nevertheless, Caribbean leaders are hoping to have the CARICOM single market economy fully implemented by 2015.

36. Interestingly, the downward economic trends have had differential impacts within different regions, as evidenced by the activities in Africa, Asia, the Arab States region and Latin America. While in most cases regional and subregional cooperation efforts have gained momentum, in others, such as that of Latin America, efforts at integration have stalled somewhat owing to lack of resources and external support. In that regard, outside partners, including the Group of Eight, OECD countries and other contributors, have an important role to play in encouraging and supporting horizontal South-South and triangular cooperation arrangements.

D. More inclusive partnerships forged

37. The international community is increasingly using South-South cooperation as a practical framework and a flexible modality for partnership-building and collaboration towards achieving internationally agreed development goals, including the Millennium Development Goals. Numerous national Governments, regional and

intergovernmental groupings, multilateral organizations and donor agencies have intensified support for South-South cooperation through establishing or supporting innovative South-to-South, East-South, public-private and North-South-South triangular partnership arrangements.

38. The India, Brazil and South Africa (IBSA) Facility for Poverty and Hunger Alleviation, facilitated by the Special Unit for South-South Cooperation, continued to provide strong support to expanded and innovative interregional South-South partnerships. With each of the three countries committing \$1 million every year, the Facility was able to support a number of Millennium Development Goal-focused and results-based initiatives in other developing countries. One successful initiative that captured the attention of mainstream media involved the transfer of management knowledge and technology on community-based waste management from Brazil to Haiti. The initiative helped to improve the environment; created jobs, especially for women; increased household incomes; and reduced gang violence.

39. Both the African continent and the Gulf countries face food security issues, which has spurred greater cooperation among countries in those regions. In the Gulf, the population is expected to increase from 30 million in 2000 to 60 million by 2030. Gulf countries have begun to invest in the development of infrastructure in Africa to enable farmers to move beyond subsistence farming through the facilitation of access to much-needed supplies and infrastructure. In Ethiopia, for example, only 14.8 per cent of the arable land is cultivated, and talks are ongoing about Gulf countries further exploring the potential of that country under the auspices of the Gulf Research Centre, a Middle Eastern think tank. The Gulf-Africa Strategy Forum, held in Cape Town in February 2009 and hosted by the Gulf Research Centre, has identified areas of future cooperation between the two regions, including through trade and investment as well as political and security partnerships.

40. The International AIDS Vaccine Initiative has also facilitated South-South and triangular cooperation by supporting innovative scientific research in the development of a preventive AIDS vaccine through a network of 11 research institutions and scientists in India, Kenya, Rwanda, South Africa, Uganda and Zambia. Clinical trials and epidemiological studies are being carried out in those partner countries. In addition, the initiative has assisted in the building of 14 state-of-the-art laboratories in the South as well as in the provision of grants to assist biotechnology companies in those countries to develop their scientific capacity and promote knowledge-sharing in this vital area of development.

41. During the reporting period, an increased number of traditional donor countries also took various innovative approaches, including third-country training, joint initiatives among themselves or with South-South pivotal countries, aimed at benefiting other developing countries.

42. Japan has been a major supporter and contributor to triangular cooperation, both bilaterally and multilaterally, following the approval of its 2003 Official Development Assistance Charter, which identifies triangulation as an effective aid modality. Through its third-country training programme in Malaysia, it provided training to professionals from Asia and Africa in areas such as computer networking, technology, welding, the servicing of electrical and electronic systems, diplomacy and the development of small and medium-sized enterprises. The Japan-Singapore Partnership Programme for the Twenty-first Century also provided a

number of country-focused and regionally focused training courses for other developing countries on topics such as disaster management, infrastructure improvement for the information technology industry, trade negotiation, banking and finance development.

43. Funded by Sweden, South Africa provided police training and capacity development in Rwanda. Sweden also supported the process of transferring Chilean solutions on social inclusion, gender equity, information and communications technology, wood-processing technology and solid-waste management to other countries in Central and South America. In May 2007, France provided funding, through the United Nations Development Programme (UNDP) and with the African Union, for a needs assessment conducted by Thailand on avian influenza in Egypt at the request of the Government of Egypt.

44. Sponsored by the Department for International Development of the United Kingdom of Great Britain and Northern Ireland, senior members of the Ministries of health, education, defence and the economy of the Russian Federation together with leading representatives from civil society, HIV/AIDS self-support groups, the media, the Russian Orthodox Church, the Duma (parliament), medical doctors and State-funded drug researchers and producers of antiretroviral therapy, met their Brazilian counterparts during a whirlwind study tour of the world-renowned response of Brazil to HIV/AIDS.

45. The United States Agency for International Development sponsored an innovative triangular partnership alliance with South Africa and the United States-based Case Foundation to deliver to Malawi, Mozambique, Swaziland, Zambia and some East and West African countries information on clean water and health to combat the spread of HIV/AIDS, with the aim of reaching 10 million people by the end of 2009. The technology involves the construction of "play pumps" — a merry-go-round water pump in schoolyards or near schools — that produces up to 1,400 litres of water per hour from a depth of 40 metres.

46. Finland supported Chile in helping Nicaragua develop its institutional and technical capacities in small- and medium-scale furniture production. The cost of the programme was shared by Chile (7 per cent), Finland (49 per cent) and Nicaragua (44 per cent). Japan (through the Japan International Cooperation Agency), Germany (through the German Agency for Technical Cooperation), Sweden and the European Union have cooperated with Chile as a provider of technical assistance to Latin American and Caribbean countries.

47. With the support of Brazil, Canada, Italy, Spain and the International Fund for Agricultural Development, Argentina extended assistance to other developing countries. One example of such triangular cooperation is the Haiti Food Security Project, aimed at training rural Haitian women in sustainable agriculture and food security. In principle, third-party funding can account for no more than 30 per cent of project funding, with the remaining 70 per cent coming from Argentina.

48. Canada, Norway, Spain, the United States of America, the International Labour Organization and the World Bank have supported the triangular initiatives of Brazil focusing on Portuguese-speaking countries in Africa and Latin America as well as initiatives in Haiti (with Argentina) and Timor-Leste, and covering such areas as vaccinations, school feeding, reforestation, malaria eradication and waste collection.

Brazil has also set up a triangular development cooperation project to train nationals of Angola and Guinea-Bissau in public administration.

49. A number of Development Assistance Committee donors have established trilateral partnership agreements with Singapore to provide assistance to neighbouring countries, such as Cambodia, the Lao People's Democratic Republic, Mongolia, Myanmar and Viet Nam. Singapore is the first South-East Asian country to work with the European Commission on a technical assistance programme in Cambodia, the Lao People's Democratic Republic and Viet Nam, and since 2004, a total of 114 officials have been trained in areas such as finance, trade promotion, World Trade Organization matters and information technology.

50. With financial and technical support from Canada, France, Germany and Japan as well as the African Development Bank, the Arab Bank for Economic Development in Africa, the European Union, the Islamic Development Bank, the Organization of the Petroleum Exporting Countries Fund for International Development, UNDP and the World Bank, Tunisia has provided technical assistance and capacity-development expertise mainly to Arab and African countries. Areas covered include basic and reproductive health services, agriculture, fisheries, navigation and shipbuilding mechanics, vocational training, tourism, public administration and teaching.

E. Multilateral support intensified

51. Under the guidance of the High-level Committee on South-South Cooperation of the General Assembly, the United Nations system has prioritized South-South cooperation as a key modality for promoting collaborative initiatives at the national, regional and interregional levels. With the Special Unit for South-South Cooperation acting as system-wide coordinator and focal point, United Nations bodies and agencies, including regional commissions, have played an important role in supporting innovative, demand-driven South-South cooperation initiatives.

52. In August 2008, the Secretary-General issued a policy decision requiring all heads of the United Nations system organizations, specialized agencies, funds and programmes and regional commissions to give priority to promoting South-South cooperation. The decision, *inter alia*, requires the Special Unit to work closely with the High-level Task Force on the Global Food Security Crisis, the Climate Change Support Team, the Joint United Nations Programme on HIV/AIDS and other United Nations focal points on South-South cooperation to develop a concise, action-oriented, inter-agency collaborative framework in the areas of food security, climate change and HIV/AIDS, taking into account existing initiatives, the specific strengths of the United Nations system and the time frames for implementing the framework.

53. In 2008, the Executive Committee on Economic and Social Affairs included South-South cooperation as a priority in its work. As such, the Executive Committee principals have committed to institutionalizing South-South cooperation in their regular development activities and through joint efforts so as to maximize the benefits of such cooperation for meeting the internationally agreed development goals, including the Millennium Development Goals. The United Nations Development Group, chaired by the UNDP Administrator, has also taken the decisive measure of incorporating support for South-South cooperation as a requirement in the United Nations guidelines for formulating the common country

assessment and the United Nations Development Assistance Framework and for implementing regional and country-level programmes. UNDP has taken the lead by adopting South-South cooperation as one of the principal approaches for capacity development in its Strategic Plan, 2008-2011.

54. The Department of Economic and Social Affairs has also intensified its work in South-South cooperation, especially under the auspices of the Development Cooperation Forum. Building on work begun in 2006, it launched the Forum in 2008. In addition to broadening international discourse on South-South cooperation, the Forum has deepened understanding with regard to increasing flows of South-South development assistance.

55. At its World Conference on Higher Education in Paris in 2009, the United Nations Educational, Scientific and Cultural Organization called for greater collaboration between African universities and issued a communiqué to support the acceleration of the establishment of quality-assurance systems through an Association of African Universities initiative. The Conference highlighted the importance of addressing the broad range of challenges in African higher education relating to gender and racial inequality, the brain drain and a chronic lack of resources.

56. The International Labour Organization is working to promote specific South-South cooperation projects and activities that contribute to the prevention and elimination of the worst forms of child labour in accordance with the international obligations of each country. With the Government of Brazil, it has initiated South-South cooperation programmes to address the problem of child labour by financing projects in Portuguese-speaking countries in Africa. In 2008, Brazil committed to a donation of \$300,000 to the regular budget supplementary account of the International Labour Organization, becoming the first donor country from the South to do so. The contribution by Brazil will support field programmes in Latin America and the Caribbean.

57. The Network of Centres of Excellence of UNCTAD supports technology and knowledge transfer to Africa through the training of scientists and technology experts. It benefits from a large audience in Africa's scientific community and a database of more than 400 scientists, researchers and various contacts in the academic world as well as an expanded web platform that facilitates interaction among members of the Network and participants in the training courses. To date, 100 young scientists, engineers and academics from 25 African countries have benefited from training sessions organized in China, Egypt, India, South Africa and the United Republic of Tanzania. The Network plans to extend its activities to enhance policymaking capacities in science, technology and innovation for development by supporting a network of policymakers in the area of science, technology and innovation.

58. The United Nations Environment Programme has made significant efforts to integrate South-South cooperation as a development and capacity-development mechanism into the sharing of information and the formation of strategic partnerships. In its decision 24/12 of 9 February 2007, the organization adopted South-South cooperation as a primary means of strengthening and enhancing its larger environmental mandate in the achievement of sustainable development. It also has adopted the Bali Strategic Plan for Technology Support and Capacity-building, which places South-South cooperation at the centre of its framework.

F. Innovative support facilities and financing mechanisms established

59. Increasingly, the United Nations system and other multilateral organizations have endeavoured to devise various demand-based South-South support facilities and innovative financing mechanisms to enable developing countries and their development partners to more systematically share knowledge, exchange experiences, transfer expertise and technologies, and pool the resources that are most needed in order for them to deal effectively with country-specific and common development challenges, including meeting the Millennium Development Goals.

60. Within its mandate and cooperation frameworks, the Special Unit for South-South Cooperation has made deliberate efforts to institutionalize its global and multilateral South-South support architecture. The transformation of its Web of Information for Development into a virtual Global South-South Development Academy has enabled more development partners to jointly identify, produce and disseminate Southern development solutions and expertise for mutual learning and capacity development. More than 100 scalable Southern development solutions were produced in partnership with all solution-providing countries, relevant United Nations organizations and other partners. They cover such areas as community-based disaster prevention, preparedness and recovery; the empowerment of local communities; innovative public-private partnerships; the role of taxation in inclusive development; effective hydrocarbon management; information and communications technology for human development; the creative economy for development; and the social impact of remittances. In December 2008, the Special Unit formally launched the first Global South-South Development Expo in conjunction with the fifth United Nations Day for South-South Cooperation. More than 100 partner countries and United Nations and other entities made contributions, and over 60 Southern development solutions relevant to achieving the Millennium Development Goals were showcased. In addition, 30 new rosters of Southern experts were created, bringing the total number of such rosters to 69.

61. With \$15 million in parallel funding by China and a \$300,000 contribution from the Fund for International Development of the Organization of the Petroleum Exporting Countries, as well as technical and in-kind contributions from a large number of developing countries, national chambers of commerce, industrial associations and United Nations entities, the Special Unit successfully launched, in 2008, a market-based, transparent South-South knowledge and technology transaction mechanism: the South-South Global Assets and Technology Exchange. The system enables public and private partners to list, seek, match and raise resources for the transfer of technologies aimed at improving food security, public health, housing for the poor, energy efficiency and climate change as well as at cultivating the potential of the creative economy for development. About 80 developing countries have already sought to access its services, with 21 of them having succeeded in making demand-supply matches on the exchange.¹⁷ One technology transfer from China to Ethiopia, which involves turning agricultural wastes such as straw into low-cost, durable building materials, helped Ethiopia to reduce the construction cost of building materials by 50 to 60 per cent while

¹⁷ They include Cameroon, China, Côte d'Ivoire, Egypt, Ethiopia, the Islamic Republic of Iran, Italy, Kenya, Mali, Mexico, Morocco, Nepal, Niger, Nigeria, Pakistan, Papua New Guinea, Senegal, the United Republic of Tanzania, Viet Nam and Zambia.

generating an annual output of around \$50 million and creating more than 12,000 employment opportunities in the country.

62. In 2008, the World Bank Group launched the South-South Experience Exchange Facility to share experiences in managing commodity windfalls, developing efficient tax systems, adapting to new technologies, selecting public investment projects with high economic and social returns, reforming pensions and creating social safety nets that benefit the poor.¹⁸ The first project under the Facility has involved the replication in Africa of the success achieved by India in dairy production: the dairy industry in India is now the world's largest producer of milk and dairy products. At the request of the Government of the United Republic of Tanzania, the Indian model is now being introduced in Africa, with funding for visits to India by Tanzanian dairy farmers and others from Ethiopia and Uganda provided by the trust fund. Seven donors — China, Denmark, India, Mexico, the Netherlands, Spain and the United Kingdom — have pledged to contribute \$10 million to the Facility over three years.

63. In 2009, the Asian Development Bank and the Inter-American Development Bank agreed to exchange information and access to their trade finance programmes through a trade finance facilitation programme. Both banks have played a significant role in promoting sustainable development, economic growth and integration in their respective regions. The agreement between the two banks will link more than 100 financial institutions in order to bolster trade and increase commercial flows between the two regions to promote economic growth, job creation and poverty reduction.

64. Under its Special Programme for Food Security, FAO has effectively used its special South-South Cooperation agreement as an effective instrument to enable technicians and experts from emerging economies to work directly with farmers in other developing countries and share their experience and skills. As of mid-2007, 39 agreements had been signed and over 1,400 experts and technicians had worked in the field in various food security projects.¹⁹ In March 2009, China agreed to make available to FAO a \$30 million trust fund to support other developing countries in improving their agricultural productivity towards the achievement of the Millennium Development Goals.

65. To implement decision 24/12 and the Bali Strategic Plan, the United Nations Environment Programme has adopted a medium-term strategy for 2010-2013. This has resulted in the adoption of a broad strategic approach that incorporates the holding of internal and external consultations to advance the integration of South-South cooperation arrangements as well as the establishment of strategic and operational guidelines for the integration of South-South cooperation into existing and proposed activities. The United Nations Environment Programme is also working to develop a South-South clearing house mechanism to facilitate the identification, development and promotion of opportunities for collaboration and cooperation between countries and regions of the South in support of their environmental and sustainable development activities.

¹⁸ <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21936982~pagePK:34370~piPK:34424~theSitePK:4607,00.html>.

¹⁹ See <http://www.fao.org/spfs/south-south-spfs/ssc-spfs/en/>.

66. During the reporting period, the United Nations Industrial Development Organization established South-South Industrial Cooperation Centres in India and China, with plans to establish similar ones in other developing countries. These centres have been designed to promote South-South industrial collaboration, investment and trade among Southern countries by sharing knowledge, experience and expertise as well as technology and resources.

67. Through the South-South Cooperation Fund, the United Nations Educational, Scientific and Cultural Organization launched the South-South Cooperation Programme for Education in 2007 to support developing countries in their efforts to meet the goal of universal primary education and other Millennium Development Goals through the exchange of experience, knowledge and good practices on a South-South and a triangular basis. In May 2008, it established the International Science, Technology and Innovation Centre for South-South Cooperation. Based in Kuala Lumpur, the Centre is working to create a network of national centres of excellence, promoting collaboration through research initiatives, technology transfer and the development of industries in fields such as information technology, biotechnology and nanotechnology.²⁰

III. Main observations and recommendations

A. Observations

68. South-South cooperation is particularly crucial in addressing the impact of the current economic crisis on the progress made in the achievement of the internationally agreed development goals, including the Millennium Development Goals by 2015. According to a number of experts, the financial crisis has in some areas slowed, and in others stymied, prospects for the achievement of those goals.²¹ It is estimated that, owing to the economic crisis, in 2009, 55 million to 90 million more people will live in extreme poverty than had been anticipated before the global economic recession. The global poverty rate is likely to be reduced by one half by 2015; however, several regions, such as sub-Saharan Africa and Southern Asia, will likely fall short of the goal owing to the economic crisis. Moreover, higher food prices have led to an increase in the prevalence of hunger and malnutrition, with 17 per cent of the population suffering from hunger in 2008, up from 16 per cent in 2006. Despite the dire economic pronouncements, however, world leaders, meeting in New York on 25 September 2008, renewed their commitments to achieving the Millennium Development Goals by 2015. While progress has been slow and even slightly reversed in some areas, there also have been remarkable achievements in key areas of development in the past decade.

69. The growing trend among Southern countries to look not only to reducing poverty within their own borders but also to raise the development prospects of other developing countries is exhibited across a range of countries, including strong emerging economies and other South-South pivotal countries. The international community is thus increasingly using South-South cooperation as a practical framework and a flexible modality for partnership-building and collaboration

²⁰ http://www.unesco.org/science/psd/thm_innov/unispar/malaysia_coop.shtml.

²¹ For the full 2008 report on the Millennium Development Goals, see <http://www.un.org/millenniumgoals/pdf/The%20Millennium%20Development%20Goals%20Report%202008.pdf>.

towards achieving internationally agreed development goals, including the Millennium Development Goals.

70. It is clear that cooperation on a South-South and a triangular basis presents a benefit to countries regardless of their level of development and is also a necessity for countries that wish to address successfully a host of transnational challenges. The current period has, in most cases, encouraged the consolidation of international, regional and national commitments to development cooperation through South-South and triangular partnerships despite changes in the economic prospects of developed and developing countries alike.

B. Recommendations

71. To prevent the loss of the development achievements gained over the past decade, there is a need to translate the renewed commitments made by the international community in support of South-South and triangular cooperation for development into action. This would necessitate the establishment of a mechanism that monitors the progress and delivery of those commitments while ensuring that they are oriented towards achieving the internationally agreed development goals, including the Millennium Development Goals. The High-level Committee on South-South Cooperation of the General Assembly is well placed to undertake such a role.

72. As global commitments increase, so too must multilateral support for South-South-based development, which requires closer inter-agency collaboration, including the systematic sharing of best practices to enhance synergy, complementarity and coherence of support. It is recommended that the United Nations Inter-agency Focal Points Network for South-South Cooperation, facilitated by the Special Unit for South-South Cooperation, be further strengthened in order to achieve this objective.

73. It is most encouraging that partners in the development community have used South-South cooperation as a practical framework for collaboration to form innovative partnerships towards achieving development goals, but there is a need for greater collaboration and knowledge-sharing among partners and agencies involved in South-South development practices. It is therefore recommended that the partners who pioneered these innovative partnerships share their experiences and best practices in order to scale up the impact on the achievement of internationally agreed development goals, including the Millennium Development Goals, with the facilitation of the Special Unit for South-South Cooperation.

74. The creation of various demand-based South-South support facilities and innovative financing mechanisms by many United Nations organizations, specialized agencies, funds and programmes, including the regional commissions, to more systematically share knowledge, exchange experiences, transfer expertise and technologies, and pool resources to face development challenges, including meeting the Millennium Development Goals, is a very promising development in the multilateral system. It is recommended that, to leverage one another's unique strengths, members of the organizations that have pioneered these innovative facilities and funding mechanisms share their experiences and best practices regularly in order to forge closer collaboration.

75. As the cost-effectiveness of South-South initiatives is well established and since the need for South-South interventions continues to expand, consistent and reliable financing is increasingly critical. In addition to traditional bilateral and regional flows of aid and in response to the overwhelming needs of developing countries, it is recommended that countries contribute to the United Nations Fund for South-South Cooperation to ensure sufficient funding for South-South projects and initiatives.